\“A STUDY OF HEALTH INSURANCE PERCEPTION AMONGST SALARIED INDIVIDUALS IN PUNE CITY & NANDED CITY”

SYNOPSIS/RESUME SUBMITTED TO

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FOR THE DEGREE OF

DOCTOR OF PHILOSOPHY (Ph.D)

IN

COMMERCE

UNDER THE FACULTY OF

COMMERCE AND MANAGEMENT

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1. INTRODUCTION

Insurance occupies an important place in the complex modern world since risk, which can be insured, has increased enormously in every walk of life. This has led to growth in the insurance business and evolution of various types of insurance covers. The insurance sector acts as a mobiliser of savings and a financial intermediary and is also a promoter of investment activities. It can play a significant role in the economic development of a country, while economic development itself can facilitate the growth of the insurance sector.It is a generally acknowledged phenomenon that there are enormous risks in every sphere of life. For property, there are fire risks; for shipment of goods, there are perils of sea; for human life, there are risks of death or disability; and so on. The chances of occurrences of the events causing losses are quite uncertain because these may or may not take place. In other words, our life and property are not safe and there is always a risk of losing it. A simple way to cover this risk of loss money-wise is to get life and property insured. In this business, people facing common risks come together and make their small contributions to the common fund. While it may not be possible to tell in advance, which person will suffer the losses, it is possible to work out how many persons on an average out of the group may suffer the losses. When risk occurs, the loss is made good out of the common fund. In this way, each and everyone share the risk. In fact, insurance companies bear risk in return for a payment of premium, which is calculated on the likelihood of loss.Globally, India's share in global insurance market was 2.0 percent during 2017. However, during 2017, the total insurance premium in India increased by 10.1 percent (inflation adjusted) whereas global total insurance premium increased by 1.5 percent (inflation adjusted). Of 3.30 in 2014. However, it started increasing since 2015 and showing an increasing trend onwards viz. in 2015 (3.44 percent), in 2016 (3.49 percent) and in 2017 (3.69). The level of insurance density reached the maximum of USD 64.4 in the year 2010 from the level of USD 11.5 in 2001. However, from the year 2011 to 2016 it was hovering between 50 to 60 but in the year 2017, it has grown up to USD 73 (USD 59.7 in 2016). I.2.10 The insurance density of life insurance sector had gone up from USD 9.1 in 2001 to reach the peak at USD 55.7 in 2010. Since then it has exhibited a declining trend up to the year 2013. During the year 2017, the level of life insurance density wasin life insurance business, India is ranked 10th among the 88 countries, for which data is published by Swiss Re. India's share in global life insurance market was 2.76 percent during 2017. However, during 2017, the life insurance premium in India increased by 8.0 percent (inflation adjusted) when global life insurance premium increased by 0.5 percent. The Indian non-life insurance sector witnessed a growth of 16.7 percent (inflation adjusted) during 2017. During the same period, the growth in global non-life premium was 2.8 percent. However, the share of Indian non-life insurance premium in global non-life insurance premium was at 1.11 percent and India ranked 15th in global non-life insurance markets.At the end of March 2018, there are 68 insurers operating in India; of which 24 are life insurers, 27 are general insurers, 6 are Standalone health insurers exclusively doing health insurance business and 11 are re-insurers including foreign reinsurers' branches and Lloyd's India. Of the 68 insurers presently in operation, eight are in the public sector and the remaining sixty are in the private sector. Two specialized insurers, namely ECGC and AIC, one life insurer namely LIC of India (LIC), four in general insurance and one in reinsurance namely GIC Re. are in public sector. 23 life insurers, 21 general insurers, 6 standalone health insurers and 10 reinsurers including foreign reinsurers' branches and Lloyd's India are in private sector.

During the F.Y. 2017-18, the following 4 new companies have been registered as General Insurance Companies in India:

a) DHFL General Insurance Limited (Date of Registration: 22.05.2017, Reg no.155)

b) Acko General Insurance Limited (Date of Registration: 18.09.2017, Reg no: 157)

c) Go Digit General Insurance Limited (Date of Registration: 20.09.2017, Reg no.158)

d) Edelweiss General Insurance Company Limited (Date of Registration: 18.12.2017,

Reg no.159)

Annual Reports of IRDA 2017-18

Life insurance is financial tools that can help individuals accomplish a variety of financial goals. The most common use of life insurance is to provide for dependent family members in case of premature death. Life insurance can also be used to fund certain goals, such as a child or grandchild's future college expenses. As an estate planning tool, life insurance can help pay federal and state death taxes as well as estate settlement costs. The ultimate gift can be given using life insurance by transferring wealth between generations and making charitable bequests.In order to properly utilize this powerful tool to help an individual reach his/her financial goals, it is important to understand the methods for determining how much insurance is appropriate in a given situation, as well as the various types of policies and riders available. This paper is designed to offer insight into how to calculate an individual's insurance need, discuss the different types of insurance, and identify how each type of insurance can best help an individual accomplish particular goals or objectives. This paper is not intended to provide advice, but rather general education. Investors should consult with a qualified tax, legal, and insurance professional before purchasing any insurance products.

Types of General Insurance

- Marine Insurance
- Fire Insurance
- Social Insurance
- Vehicle Insurance
- Health Insurance
- Accident Insurance
- Burglary Insurance
- Crop Insurance
- Cattle Insurance
- Engineering Insurance
- Public liability insurance

History of Insurance in India

In India, insurance has a deep-rooted history. It finds mention in the writings of Manu (Manusmrithi), Yagnavalkya (Dharmasastra*)* and Kautilya (Arthasastra). The writings talk in terms of pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. This was probably a pre-cursor to modern day insurance.

Ancient Indian history has preserved the earliest traces of insurance in the form of marine trade loans and carriers' contracts. Insurance in India has evolved over time heavily drawing from other countries, England in particular.**1818** saw the **advent of life insurance business in India** with the establishment of the Oriental Life Insurance Company in Calcutta. This Company however failed in **1834**. In **1829**, the Madras Equitable had begun transacting life insurance business in the Madras Presidency. **1870** saw the enactment of the British Insurance Act and in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian offices were up for hard competition from the foreign companies.In 1914, the Government of India started publishing returns of Insurance Companies in India. The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, with a view to protecting the interest of the Insurance public, the earlier legislation was consolidated and amended by the Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurers.The Insurance Amendment Act of 1950 abolished Principal Agencies. However, there were a large number of insurance companies and the level of competition was high. There were also allegations of unfair trade practices. The Government of India, therefore, decided to nationalize insurance business.An Ordinance was issued on 19th January, 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector.The history of general insurance dates back to the Industrial Revolution in the west and the consequent growth of sea-faring trade and commerce in the 17th century. It came to India as a legacy of British occupation. General Insurance in India has its roots in the establishment of Triton Insurance Company Ltd., in the year 1850 in Calcutta by the British. In 1907, the Indian Mercantile Insurance Ltd was set up. This was the first company to transact all classes of general insurance business.1957 saw the formation of the General Insurance Council, a wing of the Insurance Association of India. The General Insurance Council framed a code of conduct for ensuring fair conduct and sound business practices.In 1968, the Insurance Act was amended to regulate investments and set minimum solvency margins. The Tariff Advisory Committee was also set up then.In 1972 with the passing of the General Insurance Business (Nationalization) Act, general insurance business was nationalized with effect from 1st January, 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on January 1sst 1973.This millennium has seen insurance come a full circle in a journey extending to nearly 200 years. The process of **re-opening of the sector** had begun in the early 1990s and the last decade and more has seen it been opened up substantially. In 1993, the Government set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector. The objective was to complement the reforms initiated in the financial sector. The committee

submitted its report in 1994 wherein, among other things, it recommended that the private sector be permitted to enter the insurance industry. They stated that foreign companies be allowed to enter by floating Indian companies, preferably a joint venture with Indian partners.Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders' interests.In December, 2000, the subsidiaries of the General Insurance Corporation of India were restructured as independent companies and at the same time GIC was converted into a national re-insurer. Parliament passed a bill de-linking the four subsidiaries from GIC in July, 2002.Today there are 31 general insurance companies including the ECGC and Agriculture Insurance Corporation of India and 24 life insurance companies operating in the country.The insurance sector is a colossal one and is growing at a speedy rate of 15-20%. Together with banking services, insurance services add about 7% to the country's GDP. A well-developed and evolved insurance sector is a boon for economic development as it provides long- term funds for infrastructure development at the same time strengthening the risk taking ability of the country.

Ref. No: IRDA/GEN/06/2007 Date: 12-07-2007

2. SIGNIFICANCE OF THE STUDY

With the exponential upsurge in health care costs, it has become imperative for everyone to look for health insurance plans and be covered under a good health insurance policy. A health insurance policy safeguards you and your family against the risk of a sudden hospitalization and all the related expenses. It is the only way by which you can escape the financial burden of an uninvited surgery or illness.

As one of the leading Health Insurance companies in India, Reliance General Insurance understands these concerns and offers excellent benefits with its individual health insurance plans as well as family floater medical insurance plans. Safeguard your entire family's health by purchasing our family floater mediclaim policy named Reliance Health Gain policy. In case your policy has expired, you can renew your Health Insurance policy in a matter of minutes. Buy a medicaim policy for your entire family to keep the risk of a financial tragedy at bay.

In addition, to get the most affordable health insurance plan, ensure you compare health insurance policies that suit your needs as well as your budget. Hence, stay ahead of all the healthcare expenses by purchasing Reliance Health Insurance policy now! Additionally, we also offer Personal Accident Insurance which takes care of your family in case of your accidental death or disablement.

3. STATEMENT OF THE PROBLEM

India is the Second most populous country having 1/3rd of the poor population of the world. Although, it is the fifth largest and fast developing economy, the conditions of health insurance is appalling. Today India has the highest working age people In India, urban areas are generally dense and lacking satisfactory civic and sanitary facilities which further lead to ill health of the people with communicable and non-communicable diseases. Moreover, due to lack of quality food, pollution, unsatisfactory working conditions like occupational hazards and personal problems cause over-exertion and stressful life. Particularly, after the age of 40, they face health related problems. To maintain health of such working people there is a need to provide timely and sufficient health treatment. However, it is observed that in India people can't afford essential health expenditure due to ever escalating healthcare cost. This makes it difficult for a person to access essential and quality health care treatment and services.

The following obvious problems call for health insurance mitigate to the employed people.

1. Over exertion, stressful jobs, family problems etc. cause stressful life to the employees.

2. Inadequate health provisions at work place and of statutory health insurance schemes

related to employment.

3. Inadequate and inefficient Government schemes and machinery for public health

4. Escalating health cost of private medical treatment and services

5. Ever shooting family expenses for livelihood, education, marriage of the children etc.

Health insurance covers an individual, family members and dependents for health related expenses and quality treatment at a small amount of premium.

4. OBJECTIVES OF THE STUDY

1. To study the awareness of Health Insurance amongst the salaried individuals in Pune City & Nanded City.

2.To analyze the perception of salaried individuals about health insurance policy in Pune

City & Nanded City.

3. To compare the health insurance products and services of health insurance providers.

4. To evaluate the financial behavioral pattern of salaried individuals towards health

Insurance

5. To measure the satisfaction level of salaried individuals abouttaking health insurance

Policy

5. HYPOTHESIS OF THE STUDY

H1: Salaried individuals in the Pune City and Nanded City are well aware of Health Insurance.
Ho: Salaried individuals in the Pune City & Nanded City are not aware of Health Insurance.
H2: Salaried individuals in Pune city & Nanded City are satisfied with the health insurance products and services of health insurance providers.
Ho: Salaried individuals in Pune city & Nanded City are not satisfied with the health insurance products and services of health insurance providers.

6. SCOPE OF THE STUDY

The study intends to analyze and assess the perception of the salaried individuals towards the health insurance policies. It will cover only Pune City & Nanded City, the period of study will be of last 6years, i.e. from 1St April, 2014 to 31st March, 2020.

7. LIMITATIONS OF THE STUDY

The present study focuses on the health insurance policy holders of the Private sector General Insurance Companies in Pune City and Nanded City. The findings of the study may not be applicable to other places where the demographic about the policy holders, and presence of private health insurance provider are entirely different from that were observed in Pune City & Nanded City.

8. REVIEW OF LITERATURE

In order to get deeper insights and understanding of the research area, a modest attempt is made here to review some of the books and articles related to the health insurance. The subject of the study is mostly related to behavioral science. In fact, basically it is a multi-disciplinary in nature which contains social, economic and demographic and health science factors.

Both the literature and studies have extensively identified many psychological, economical, sociological determinants of the life and health risk. The studies also revealed that the health insurance in India is not gaining ground because people are skeptical about the payment of claims and services provided by insurance company. Lack of healthcare services and infrastructure, illiteracy, lack of trust in health schemes, lack of awareness as to benefits of health insurance, poverty etc have impeded the health insurance in India.

The author ShanthaBansal (2012) tried to highlight on basics of health insurance, especially within the Indian contexts. She also tried to explain the trends and issues involved in Insurance sector. She explored the broad spectrum of health types including Government, statutory and private level health insurance schemes.

The authors M. N. Mishra and S.B. Mishra have highlighted on Indian environment regarding health insurance. The authors have also examined the causes of galloping conditions and prospects of health insurance in India.

9. RESEARCH METHODOLOGY:

Type of the Research

Research is blend of descriptive and analytical study.

Sample Size Calculation

$$\text{sample size} = \frac{Z^2 * (p) * (1-p)}{c^2}$$

Where:

Z = Z value (e.g. 1.96 for 95% confidence level)

p = percentage picking a choice, expressed as decimal

c = confidence interval, expressed as decimal

Using above formulae

- Level of Confidence = 95%
- Confidence Interval = 3
- Total Population of Pune & Nanded City = 3,674,897 (as per census 2011)

Therefore sample size needed = 1067

Therefore the sample size of 1100 can be selected

Sampling Techniques

Simple Random Sampling will be used to select Salaried Individuals of the Pune City & Nanded City.

Sources of Data Collection

In order to study objectives and hypothesis of the present study, primary data by a structured questionnaire and secondary data from reports, research papers and other related publications will be collected.

Methods of Data Collection

Primary data will be collected through by a structured questionnaire of individuals.

Tools of Data Analysis

Some statistical tools like descriptive statistics, chi-square, and correlation coefficient r, coefficient of determination (R^2) and regression coefficient will be estimated.

Techniques of Data Analysis

Measures of association, correlation and regression will be used wherever applicable.

10. SCHEME OF THE CHAPTERISATION

Chapter 1: Introduction

Chapter 2: Overview of Health Insurance Sector in India

Chapter 3: Review of Literature

Chapter 4: Research Methodology

Chapter 5: Data Analysis and Interpretation

Chapter 6: Conclusions &Suggestions

Annexure

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